

**CAB CAKARAN CORPORATION BERHAD**

(Company No.: 583661 W)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 JUNE 2004

CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER (9 MONTHS)	
	Current Year Quarter 30 June 2004 RM'000	Preceding Year Corresponding Quarter 30 June 2003 RM'000	Current Year To Date 30 June 2004 RM'000	Preceding Year Corresponding Period 30 June 2003 RM'000
Revenue	46,016	-	138,900	-
Profit from operations	2,553	-	7,876	-
Finance costs	(588)	-	(1,677)	-
Share of loss of associated company	-	-	(3)	-
Profit before tax	1,965	-	6,196	-
Income tax expense	(318)	-	(1,367)	-
Profit after tax	1,647	-	4,829	-
Minority interests	(217)	-	(34)	-
Net profit for the period	1,430	-	4,795	-
Basic earnings per ordinary share (sen)	1.79	-	6.41	-

There are no comparative figures available for the preceding year corresponding quarter as the Group completed its acquisition of subsidiaries on 8 August 2003 in conjunction with its listing on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 22 December 2003.

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 30 September 2003. The accompanying notes form an integral part of this interim financial report.



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**INTERIM FINANCIAL REPORT
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CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) As at 30 June 2004 RM'000	(Audited) As at 30 September 2003 RM'000
PROPERTY, PLANT AND EQUIPMENT	62,191	58,679
INVESTMENT IN ASSOCIATED COMPANY	-	3
AGRICULTURAL EXPENDITURE	177	177
GOODWILL	5,457	6,436
	<u>67,825</u>	<u>65,295</u>
CURRENT ASSETS		
Investment in quoted shares	119	119
Inventories	11,004	5,323
Trade receivables	39,088	33,920
Amount owing by associated company	356	136
Other receivables and prepaid expenses	4,925	3,944
Tax recoverable	215	224
Fixed deposit with licensed financial institution	10,825	-
Cash and bank balances	808	1,074
	<u>67,340</u>	<u>44,740</u>
CURRENT LIABILITIES		
Trade payables	17,762	15,805
Amount owing to associated company	122	82
Amount owing to directors	158	207
Other payables and accrued expenses	2,861	3,872
Hire-purchase payables	754	682
Long-term loans	2,155	1,553
Short term borrowings	28,150	22,785
Tax liabilities	770	1,177
	<u>52,732</u>	<u>46,163</u>
NET CURRENT ASSETS/ (LIABILITIES)	14,608	(1,423)
	<u>82,433</u>	<u>63,872</u>
FINANCED BY:		
Share capital	40,000	31,520
Reserves	26,602	18,464
Shareholders' equity	66,602	49,984
Minority interests	342	318
	<u>66,944</u>	<u>50,302</u>
Hire-purchase payables	2,331	1,810
Long-term loans	9,201	7,950
Deferred tax liabilities	3,957	3,810
	<u>15,489</u>	<u>13,570</u>
	<u>82,433</u>	<u>63,872</u>
NTA per ordinary share of RM0.50 each (RM)	<u>0.77</u>	<u>0.69</u>

There are no comparative figures available for the preceding year corresponding quarter as the Group completed its acquisition of subsidiaries on 8 August 2003 in conjunction with its listing on the Second Board of Bursa Securities on 22 December 2003.

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 30 September 2003. The accompanying notes form an integral part of this interim financial report.



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**INTERIM FINANCIAL REPORT
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Nine (9) Months Ended 30 June 2004

	Share Capital RM'000	<----- Share Premium RM'000	Non-distributable Reserve on Consolidation RM'000	-----> Translation Reserve RM'000	Distributable Retained Profit RM'000	Total RM'000
As at 1 October 2002	-	-	-	-	(5)	(5)
Issue of 63,039,996 ordinary shares of RM0.6218 each	31,520	7,684	-	-	-	39,204
Reserve arising from acquisition of a subsidiary	-	-	8,541	-	-	8,541
Amortisation of reserve on consolidation	-	-	(285)	-	-	(285)
	-	-	8,256	-	-	8,256
Currency translation differences	-	-	-	(4)	-	(4)
Net profit for the year	-	-	-	-	2,533	2,533
Balance as at 30 September 2003	31,520	7,684	8,256	(4)	2,528	49,984
Issue of 16,960,000 ordinary shares of RM0.88 each	8,480	6,445	-	-	-	14,925
Listing expenses written off	-	(1,824)	-	-	-	(1,824)
	8,480	4,621	-	-	-	13,101
Amortisation of reserve on consolidation	-	-	(1,281)	-	-	(1,281)
Currency translation differences	-	-	-	3	-	3
Net profit for the period	-	-	-	-	4,795	4,795
Balance as at 30 June 2004	40,000	12,305	6,975	(1)	7,323	66,602

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 30 September 2003. The accompanying notes form an integral part of this interim financial report.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(The figures have not been audited)

	9 Months Ended 30 June 2004 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax	6,196
Adjustments for:	
Non-cash items	2,368
Non-operating items	1,404
Operating profit before working capital changes	9,968
Changes in working capital:-	
Net change in current assets	(11,685)
Net change in current liabilities	316
Effect of exchange rates changes on working capital	(8)
Cash generated from operations	(1,409)
Interests paid	(1,554)
Income tax paid	(1,616)
Net cash used in operating activities	(4,579)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from disposal of property, plant and equipment	55
Interest received	114
Purchase of property, plant and equipment	(4,698)
Dividend received from quoted investment	3
Purchase of business, net of cash acquired	(1)
Net cash used in investing activities	(4,527)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of share capital	14,925
Payment of listing expenses	(1,824)
Net change in long-term loans	1,853
Net change in short-term borrowings	4,110
Repayment of hire-purchase	(593)
Repayment of advances from directors	(61)
Net cash from financing activities	18,410
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,304
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(8,866)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	438
Cash and cash equivalents in the consolidated cash flow statements comprise:	
Cash and bank balances	808
Bank overdrafts	(11,195)
Deposits with licensed financial institution	10,825
	438

There are no comparative figures available for the preceding year corresponding quarter as the Group completed its acquisition of subsidiaries on 8 August 2003 in conjunction with its listing on the Second Board of Bursa Securities on 22 December 2003.

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 30 September 2003. The accompanying notes form an integral part of this interim financial report.



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**INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 JUNE 2004**

NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER MASB STANDARD 26 - INTERIM FINANCIAL REPORTING

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with the Malaysian Accounting Standards Board ("MASB") Standard 26 - Interim Financial Reporting and the additional disclosure requirements as per Paragraph 9.22 and Appendix 9B of Bursa Securities Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2003. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 September 2003.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 September 2003.

2. Audit qualification

The auditors' report on the audited financial statements for the financial year ended 30 September 2003 was not subject to any audit qualifications.

3. Seasonal or cyclical factors

The Group's financial performance for the current quarter under review was not significantly affected by any seasonal or cyclical factors.

4. Unusual items

There were no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

5. Material change in estimates

There were no material changes in estimates of amounts reported in the prior interim period or financial year that have a material effect in the current quarter under review.

6. Changes in debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayments of debts and equity securities for the current quarter under review.

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**INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 JUNE 2004****7. Dividends paid**

There was no dividend declared or paid by the Company during the current quarter under review.

8. Segment information

The analysis of contribution by segment for the financial period ended 30 June 2004 is as follows:-

YEAR TO DATE

Segment by Business Activities	Agricultural/ Poultry farming/Food processing RM'000	Fast food business RM'000	Investment Holding RM'000	Eliminations RM'000	Group RM'000
Revenue:					
External sales	132,564	6,336	-	-	138,900
Inter-segment sales	639	66	-	(705)	-
Total	133,203	6,402	-	(705)	138,900
Results:					
Profit from operations	7,096	451	9	320	7,876
Finance costs	(1,619)	(47)	(11)	-	(1,677)
Share of losses of associated company					(3)
Profit before taxation					6,196
Income tax expense					(1,367)
Profit after taxation					4,829
Minority interests					(34)
Net profit for the period					4,795

CURRENT QUARTER

Segment by Business Activities	Agricultural/ Poultry farming/Food processing RM'000	Fast food business RM'000	Investment Holding RM'000	Eliminations RM'000	Group RM'000
Revenue:					
External sales	43,932	2,084	-	-	46,016
Inter-segment sales	195	-	-	(195)	-
Total	44,127	2,084	-	(195)	46,016
Results:					
Profit from operations	1,869	561	16	107	2,553
Finance costs	(565)	(19)	(4)	-	(588)
Share of losses of associated company					-
Profit before taxation					1,965
Income tax expense					(318)
Profit after taxation					1,647
Minority interests					(217)
Net profit for the quarter					1,430

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**INTERIM FINANCIAL REPORT
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The valuations of land and buildings have been brought forward without any amendment from the audited financial statement for the financial year ended 30 September 2003. The carrying value (after depreciation) is based on valuations carried out in December 2002 by independent firm of qualified valuers.

10. Material events subsequent to the end of the interim period

Save as disclosed in Note 22 of this interim financial report, there were no other material events subsequent to the current financial quarter ended 30 June 2004 up to the date of this interim financial report.

11. Changes in the composition of the Group

There were no material changes in the composition of the Group during the current quarter save for the acquisition of the following subsidiaries:-

Name of Companies Acquired	Equity Held	Principal Activity
CAB Cakaran (Langkawi) Sdn Bhd (formerly known as Handy Edge Ventures Sdn Bhd)	100.0%	Processing and marketing of chicken and food products.
MJ Global Sdn Bhd	70.0%	Processor and distributor of food products such as halal dim sum and other value-added food products.

12. Changes in contingent liabilities and assets

The contingent liabilities of the Company are as follows:-

	As at 30 June 2004 RM'000	As at September 2003 RM'000
Corporate guarantee given to banks as securities for credit facilities granted to subsidiaries	37,194	NIL

13. Capital commitments

	RM'000
Contracted but not provided for	13,221
Approved but not contracted for	-



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**INTERIM FINANCIAL REPORT
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NOTES TO THE INTERIM FINANCIAL REPORT

**PART B : ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA
SECURITIES LISTING REQUIREMENTS**

14. Review of performance

For the current quarter under review, the Group registered a Profit Before Tax (“PBT”) before Minority Interests (“MI”) of RM1.965 million on the back of total Revenue of RM46.016 million. For the nine (9) months financial period from 1 October 2003 to 30 June 2004, the Group registered a PBT before MI of RM6.196 million on the back of total Revenue of RM138.900 million.

15. Comparison with the preceding quarter’s results

The Group’s Revenue of RM46.016 million in the current quarter was 15.6% higher than the Group’s Revenue of RM39.822 million recorded in the preceding quarter. The higher revenue in the current quarter as compared to the preceding quarter was attributed primarily to higher demand for chicken meat as local consumers regained confidence in consuming chicken meat subsequent to the fading concern over the Avian Influenza (“AI”) or the “H5N1” infection in certain neighbouring countries.

The Group’s PBT before MI of RM1.965 million for the current quarter was 228.0% higher than the Group’s PBT before MI of RM0.599 million recorded in the preceding quarter. The higher PBT before MI in the current quarter was due largely to higher profit contribution from the fast food division as well as improvement in the average selling prices of broiler and processed chicken.

16. Current year prospects

The recent news on the deadly H5N1 strain of AI or the bird flu found at an isolated farm in Kelantan, near the border of Thailand had prompted Singapore to suspend all imports of poultry and poultry products from Malaysia. The ban on all imports of poultry and poultry products from Malaysia by Singapore may cause concern of oversupply of poultry and poultry products in Malaysia as some local exporters might try to sell their poultry products locally. However, Malaysia itself has also banned the import of poultry from Avian flu-affected countries, hence the possibility of oversupply is expected to be slim.

The Group will continue to remain focused in its existing core business activities especially in expanding its Kyros Kebab outlets locally and internationally as well as to further enhance its downstream activities to include the production and distribution of frozen food products. Barring any unforeseen circumstances, the Board is confident to achieve satisfactory results for the financial year ending 30 September 2004.

17. Variance of actual profit from profit forecast

Not applicable for this interim reporting.

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	Current Quarter 30 June 2004 RM'000		Current Year To Date 30 June 2004 RM'000
Current taxation			
- Based on results for the quarter	163		1,137
- Prior years	82		82
Deferred taxation	73		148
	318		1,367

The effective tax rate for the financial year-to-date is lower than statutory income tax rate mainly due to availability of reinvestment allowances for the subsidiaries of the Group.

19. Sale of unquoted investments and properties

There was no sale of unquoted investments and properties during the quarter under review.

20. Purchase or disposal of quoted investments

There was no purchase or disposal of quoted investments for the current quarter.

21. Utilization of proceeds

CAB was listed on the Second Board of Bursa Securities on 22 December 2003 and the total gross proceeds of RM14,924,800 raised from the Public Issue Shares has been utilized in the following manner:

	As per Prospectus dated 3 December 2003 RM'000	Utilized as at 30 June 2004 RM'000	Balance unutilized as at 30 June 2004 RM'000
Construction of a new high-technology slaughtering and food processing plant	7,400	-	7,400 [^]
Purchase of machinery	3,320	-	3,320 [^]
Working capital	2,205	2,381	176 [*]
Listing Expenses	2,000	1,824	(176) [*]
Total	14,925	4,205	10,720

[^] Subsequent to the current quarter ended 30 June 2004 up to the date of this interim financial report, CAB had on 23 July 2004 utilized RM3.0 million for the purpose of the construction of a new high-technology slaughtering and food processing plant in Segambut, Kuala Lumpur.

^{*} The actual listing expenses were lower than the estimated. As such, the unutilized balance of proceeds of RM176,000 allocated for listing expenses was utilized for working capital of the Group as at 30 June 2004.



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22. Status of corporate proposals

The following are corporate proposals announced but not completed as at the date of issue of this interim financial report:-

- (i) On 5 April 2004, the Company announced to Bursa Securities that it has proposed to implement the following:-
- (a) an Employee Share Option Scheme (“ESOS”) for the eligible employees and Directors of CAB and its subsidiaries (“Proposed ESOS”); and
 - (b) an amendment to the Articles of Association of CAB (“Proposed Amendment”).

The Proposals are conditional upon the approval being obtained from the following:-

- (a) Bursa Securities for the listing of and quotation for the new CAB Shares to be issued pursuant to the exercise of the Options under the Proposed ESOS on the Second Board of Bursa Securities;
- (b) the shareholders of CAB for the Proposals at an Extraordinary General Meeting (“EGM”) to be convened.

On 2 June 2004, the Company obtained the approval from Bursa Securities for the listing of and quotation for the new CAB Shares to be issued pursuant to the exercise of the Options under the Proposed ESOS. On 16 July 2004, the shareholders of CAB, through an EGM, approved the Proposals.

- (ii) On 11 May 2004, the Company announced to Bursa Securities that it had entered into a conditional share sale agreement for the following:
- (a) proposed acquisition of 2,040,000 ordinary shares of RM1.00 each in N.T. Huat Kee Fisheries Sdn Bhd (“HK Fisheries”) (“HK Fisheries Shares”) representing 68% of the equity interest in HK Fisheries from N.T. Huat Kee Holdings Sdn Bhd (“NTHKH”) for a total cash consideration of RM9,819,200 (“Proposed Acquisition of HK Fisheries”); and
 - (b) proposed acquisition of 136,000 ordinary shares of RM1.00 each in HK Foods (M) Sdn Bhd (“HK Foods”) (“HK Foods Shares”) representing 68% of the equity interest in HK Foods from NTHKH for a total cash consideration of RM913,920 (“Proposed Acquisition of HK Foods”).

Parts (a) and (b) above were collectively referred to as the “Proposed Acquisitions”.

The Proposed Acquisitions are conditional upon:-

- (a) the approval of the Foreign Investment Committee (“FIC”) for the Proposed Acquisitions;
- (b) the approval of the Ministry of International Trade and Industry (“MITI”) for the Proposed Acquisition of HK Fisheries; and
- (c) the approval of any other relevant authorities or parties, if required.

On 8 July 2004, the Company obtained the approval from the MITI on the Proposed Acquisitions subject to the approval of the FIC being obtained.

- (iii) On 24 August 2004, the Company announced to Bursa Securities that it had entered into a share sale agreement with Mr Loh Hor Keat and Madam Loh Wai Chee (the Vendors) for the acquisition of 350,000 Ordinary Shares of RM1.00 each, representing 70% of the issued and paid up share capital of MJ Global Sdn Bhd (“MJG”) for total purchase consideration of RM850,000.00. The Acquisition is conditional upon the approval of FIC.

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**INTERIM FINANCIAL REPORT
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The Group borrowings as at 30 June 2004 are as follows:-

	RM'000
Short term borrowings, secured	
- Bank overdrafts	11,195
- Bankers' acceptances	16,955
- Hire purchase	754
- Term loan	2,155
Sub-total	<u>31,059</u>
Long term borrowings, secured	
- Hire purchase	2,331
- Term loan	9,201
Sub-total	<u>11,532</u>
Total borrowings	<u>42,591</u>

The above borrowings are denominated in Ringgit Malaysia.

24. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at the date of issue of this interim report.

25. Changes in material litigation

There were no material litigations as at the date of this interim report.

26. Dividend

No interim dividend have been declared or paid by the Company for the current quarter under review.

27. Earnings per share

The basic earnings per ordinary share is calculated based on the Group's net profit attributable to ordinary shareholders over the weighted average number of ordinary shares in issue as follows:-.

	Current Quarter 30 June 2004	Current Year to Date 30 June 2004
Net profit attributable to shareholders (RM'000)	1,430	4,795
Weighted average number of ordinary shares in issue ('000)	80,000	74,862
Basic earning per ordinary share (sen)	1.79	6.41

28. Authorization for issue

This interim report was approved by the Board of Directors of CAB on 27 August 2004 for announcement to Bursa Securities.